

Message Text

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FOR: AGRICULTURE; FAS, FCA, COTTON DIVISION

FROM: AGRICULTURAL OFFICER

E.O. 11652: N/A

TAGS: EAGR, CH

SUBJECT: ESTIMATE OF PRC'S 1974 COTTON CROP REVISED UPWARD

REF: (A) TOFAS 12 OF JAN. 15, 1975

(B) HK 2650

BEGIN SUMMARY: ACCORDING OFFICIAL REPORT JUST RECEIVED, CHINA'S 1974 COTTON CROP WAS A RECORD. EARLIER, THE 1974 CROP HAD BEEN ESTIMATED HERE AS SLIGHTLY BELOW THE OFFICIALLY CLAIMED RECORD HARVEST OF 1973. REASONS FOR APPARENT UPWARD REVISION BY CHINESE ARE BELIEVED TO INCLUDE HIGHER PERCENT LINT IN 1974 CROP THAN HAD BEEN ESTIMATED PRIOR TO GINNING. BELATED "DISCOVERY" OF RECORD HARVEST FOR 1974 COULD BE ONE FACTOR AMONG SEVERAL BEHIND CANCELLATION OF U.S. COTTON PURCHASES IN EARLY MARCH. END

SUMMARY.

1. CHINA'S COTTON YIELDS AND PRODUCTION IN 1974 WERE BOTH AT ALL-TIME HIGH, ACCORDING TO CHINESE-LANGUAGE MARCH ISSUE OF "CHINA UNCLASSIFIED

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PICTORIAL" JUST RECEIVED IN HONG KONG.

2. COMMENT: UNTIL THIS REPORT, CHINA'S 1973 COTTON CROP HAD BEEN OFFICIALLY CLAIMED AS THE "RECORD" CROP. EARLIER, AG OFFICE HAD ESTIMATED 1974 CROP AS SLIGHTLY BELOW 1973 (REF A). THAT DETERMINATION WAS BASED ON PROVINCE-BY-PROVINCE ANALYSIS WHICH WAS SUPPORTED BY OFFICIAL (NCNA) STATEMENTS OF DECEMBER 31, 1974:

(1) THAT "GOOD" RESULTS WERE ATTAINED IN 1974 COTTON CROP IN SPITE OF DROUGHT, WATERLOGGING, LOW TEMPERATURES AND OTHER NATURAL ADVERSITIES AND (2) THAT COTTON YIELDS AND PRODUCTION "APPROXIMATED" 1973 LEVEL--BOTH RELATIVELY CONSERVATIVE STATEMENTS INDEED. AS RESULT, AG OFFICE PRELIMINARY ESTIMATE FOR 1974 PRODUCTION WAS 4 PERCENT BELOW ITS 1973 ESTIMATE OF 2.25 MILLION METRIC TONS. (SEE PARA 5, BELOW.)

3. IN ATTEMPT EXPLAIN APPARENT CONTRADICTION BETWEEN CURRENT CLAIM OF RECORD CROP AND CONSERVATIVE DESCRIPTION OF 1974 CROP RELEASED EARLIER (NCNA, DEC 31, 1974), AG OFFICE BELIEVES FOLLOWING FACTORS MAY HAVE ENTERED PICTURE.

(A) YEAR-END PRELIMINARY ESTIMATES OF COTTON CROP MUST BE BASED ON "SEED COTTON" (SEED PLUS LINT) BECAUSE GINNING WOULD NOT BE COMPLETED UNTIL AFTER CHINESE NEW YEAR (MID-FEBRUARY); (B) MOST PROBABLY, EARLIER ESTIMATES WERE BASED ON USUAL CONVERSION FACTOR (LINT EQUALS ONE THIRD, OR 33 PERCENT, OF SEED COTTON); (C) BY COMPLETION OF GINNING, IT IS POSSIBLE THAT LINT INDEX WAS SOMEWHAT HIGHER THAN 33 PERCENT WHICH WOULD RESULT IN INCREASE OVER EARLIER LINT ESTIMATE (AS REFLECTED IN CLAIM JUST MADE).

4. LINT INDEX VARIES: (A) FROM VARIETY TO VARIETY AND (B) IN RESPONSE TO WEATHER CONDITIONS--PARTICULARLY THE AMOUNT OF RAINFALL DURING PERIOD OF LINT ELONGATION. AG OFFICE BELIEVES THAT POPULARIZATION OF HIGH-YIELDING COTTON IN PAST FEW YEARS HAS RESULTED IN SIGNIFICANT IMPROVEMENT OF LINT INDEX--QUITE POSSIBLY REACHING 36 PERCENT OR HIGHER IN 1974. THUS, AN EARLIER ESTIMATE BASED ON THE USUAL LINT INDEX OF 33 PERCENT WOULD RESULT IN UNDERESTIMATION OF 1974 COTTON YIELDS AND PRODUCTION.

5. AG OFFICE BELIEVES ESTIMATED INDEX OF 36 PERCENT (9 PERCENT LARGER THAN 33) SHOULD BE APPLIED TO EARLIER 1974 ESTIMATE OF 2.15 MILLION M.T., RESULTING IN REVISED ESTIMATE OF 2.34 MILLION M.T. (4 PERCENT ABOVE 1973 ESTIMATE OF 2.25 MILLION M.T.). AG UNCLASSIFIED

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OFFICE STILL CONSIDERS THESE TWO ESTIMATES AS CONSERVATIVE (LOW) FIGURES WHICH SHOULD BE REVISED UPWARDS IN LINE WITH UPWARD REVISION OF LONG-TERM SERIES CURRENTLY BEING CARRIED OUT BY FAS/W. (ACTUALLY, PREMIER CHOU EN-LAI, IN HIS JANUARY 17, 1975 WORK REPORT TO NATIONAL PEOPLE'S CONGRESS, IMPLIED THAT 1974 COTTON PRODUCTION WAS 2.5-2.6 MILLION METRIC TONS (REF B).)

6. THIS IS NOT THE FIRST TIME AN OFFICIAL EVALUATION OF CHINA'S

COTTON CROP RESULTS HAS BEEN REVISED UPWARDS AT LATER DATE.
E.G., THE 1970 CROP WAS FIRST RATED MERELY AS "BUMPER" CROP, BUT
IN FOLLOWING YEAR WAS CLAIMED AS "RECORD" CROP. AG OFFICE BELIEVES
THIS WAS ALSO THE RESULT OF AN UPWARD REVISION DUE TO HIGHER
LINT INDEX THAN THE USUAL CONVERSION FACTOR OF 0.33.

7. THIS DEVELOPMENT--I.E., APPARENT RECENT DETERMINATION BY CHINESE
OFFICIALS THAT 1974 COTTON PRODUCTION WAS "RECORD"--MAY WELL HAVE
BEEN IMPORTANT FACTOR IN EARLY MARCH CANCELLATION OF 233,000 BALES
OF U.S. COTTON PURCHASED LAST YEAR (REF. B).
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